

Exhibit 1

GWACS ARMORY, LLC. vs KE ARMS, LLC., ET AL.
Paul E. Levy on 01/10/2022

1	IN THE UNITED STATES DISTRICT COURT		
	FOR THE NORTHERN DISTRICT OF OKLAHOMA		
2			
	GWACS ARMORY, LLC, AN)	
3	OKLAHOMA LIMITED)	
	LIABILITY COMPANY,)	CASE No. 20-CV-0341-CVE-SH
4)	BASE FILE
	Plaintiff,)	CONSOLIDATED WITH:
5)	CASE No. 21-CV-0107-CVE-SH
	vs.)	
6)	
	KE ARMS, LLC, RUSSELL)	Deposition of:
7	PHAGAN, SINISTRAL)	
	SHOOTING TECHNOLOGIES,)	PAUL E. LEVY
8	LLC, BROWNELLS, INC.,)	
	AND SHAWN NEALON,)	
9)	
	Defendants,)	
10)	
	AND)	
11)	
	KE ARMS, LLC,)	
12)	
	Plaintiff,)	
13)	
	vs.)	
14)	
	GWACS ARMORY, LLC, GWACS)	
15	DEFENSE, INCORPORATED,)	
	JUD GUDGEL, RUSSELL)	
16	ANDERSON, DOES I THROUGH)	
	X, AND ROE CORPORATIONS)	
17	I THROUGH X,)	
)	
18	Defendants.)	
	-----)	

19

20 THE DEPOSITION OF PAUL E. LEVY, taken
 21 before M. Jane Weingart, a Registered Merit
 22 Reporter and a Notary Public of the State of
 23 Iowa, commencing at 10:00 a.m., on the 10th day
 24 of January, 2022, at Comfort Inn and Suites,
 25 1630 W Street South, Grinnell, Iowa.

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1 **have the authority to sign them?**

2 A. I have the authority to sign. If I do
3 see, I read them, and if I see anything that's
4 out of the normal, out of the typical NDA,
5 we'll send it to Counsel.

6 **Q. Do you have in-house counsel at**
7 **Brownells?**

8 A. Not in-house.

9 **Q. Just local Counsel?**

10 A. Yes.

11 (Exhibit No. 152 was marked for
12 identification by the reporter.)

13 BY MR. WEGER:

14 **Q. I have handed you what we've marked as**
15 **Exhibit 152 (Indicating).**

16 Have you seen this document
17 before, sir?

18 A. Yes, I believe so.

19 **Q. I need you to turn to Page Six of this**
20 **notice, please, or amended notice. I kind of**
21 **want to walk through these subject matters.**

22 A. Uh-huh.

23 **Q. We'll go back and forth to make sure**
24 **we cover them all.**

25 What can you tell me about

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1 Brownells' involvement with KEA in the
2 development of their polymer lower that's being
3 used for the WWSR as well as just selling
4 AR-15s through Brownells?

5 MR. HARDY: Objection. Form.

6 A. So as far as the KE Arms polymer lower
7 receiver, Brownells did not have any input in
8 the design or development. KE Arms was aware
9 of our desire, as well as InRange, and Karl to
10 develop a What Would Stoner Do Rifle.

11 When that appeared to probably
12 not be happening, KE Arms conveyed that they
13 could, in fact, produce a monolithic polymer
14 lower receiver and approached us with that
15 design, I believe in 2019; and then Russell
16 sent us various iterations to us to see; and
17 then that's eventually what we came to market
18 with the KP-15, and then used that in the What
19 Would Stoner Do Rifle.

20 Q. Did Mr. Phagan ever tell you that he
21 used the drawings and the CAD drawings from the
22 GWACS lower to build the KE Arms lower?

23 MR. HARDY: Objection. Form.

24 A. I don't believe he ever conveyed what
25 he did or didn't use when he made that.

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1 Q. So he never mentioned that to you?

2 MR. HARDY: Object to form.

3 A. I don't believe so.

4 BY MR. WEGER:

5 Q. Do you have any knowledge as to
6 whether that's, in fact, what happened?

7 A. No, I do not.

8 Q. Have you ever been to KE Arms'
9 location?

10 A. No.

11 Q. Have you ever asked them where they
12 got the lower, the design for the lower that
13 they're using?

14 A. No.

15 Q. And no one has ever told you how they
16 came up with their design?

17 A. No.

18 Q. And I take it then that Brownells had
19 no financial investment in KE Arms' design of
20 its lower that you're using in the WWSD
21 project?

22 A. Correct. We paid nothing up front nor
23 did we invest in KE Arms in any way.

24 Q. You had in your catalogs, because I've
25 seen some of them, GWAC's lower, AR-15 lower

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1 use in it?

2 A. Yes.

3 Q. Components, I should say.

4 (Exhibit No. 162 was marked for
5 identification by the reporter.)

6 BY MR. WEGER:

7 Q. This is where the variance that we've
8 been discussing was approved by the Federal
9 government.

10 Correct?

11 A. Correct.

12 Q. Okay. So you're now writing to Ian
13 and Karl, and you say the:

14 "Variance approved with GWACS.
15 Once they get retooled, we'll be in business."

16 Talk to me about the retooling.
17 Who told you that GWACS needed to retool and
18 what did they tell you?

19 A. I believe Shel or Jud at GWACS had
20 told us that was necessary.

21 I believe Ian and Karl were also
22 under the impression of the retooling.

23 And I believe GWACS maybe was
24 also public in saying that there was going to
25 be new receivers coming that required some

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1 retooling.

2 **Q. Did you have any more definition than**
3 **retooling?**

4 A. I just generally got communicated to
5 that the old tooling was wearing out and needed
6 to be fixed.

7 **Q. Well, you knew that the Mark III was**
8 **different than the Mark II?**

9 A. Correct.

10 **Q. That would require a different mold?**

11 A. Correct.

12 **Q. Right?**

13 A. Yes.

14 **Q. And that the Mark IV was different**
15 **than the Mark III, which would require a**
16 **different mold?**

17 MR. HARDY: Objection. Form.

18 BY MR. WEGER:

19 **Q. Right?**

20 A. Correct, but the What Would Stoner Do
21 per Ian and Karl was specified to be a Mark II,
22 which would have required retooling.

23 **Q. So you knew that there had to be**
24 **retooling, or was going to be retooling of all**
25 **three? -- the Mark II, Mark III and the**

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1 **Mark IV?**

2 A. The Mark III would require tooling
3 from the ground up.

4 And then the Mark II required
5 the tooling to be fixed or retooled.

6 (Exhibit No. 163 was marked for
7 identification by the reporter.)

8 BY MR. WEGER:

9 Q. Okay. I've handed you Exhibit 163
10 (Indicating). Per usual, let's start on the
11 back page of KEA 451.

12 Where did you come up with the
13 idea in September of 2018 to license the MK II
14 mold from GWACS?

15 A. Is that in this e-mail? Or that's
16 just a conversation we're referring to?

17 Q. Well, it's an email from you --

18 A. Yes.

19 Q. -- on the last page, sorry. Are you
20 with me? I'm on Page KEA 415.

21 A. I've gotcha.

22 Q. Okay. I want to make sure we're on
23 the same page.

24 A. Gotcha.

25 Q. All right. You're discussing here --

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1 first of all, up above that, it says:

2 "Sent from BlueMail."

3 What is that reference right
4 above where it says "September 10th of 2018"?

5 A. I don't know what that would be.

6 Q. Okay.

7 A. So the licensing came about when the,
8 we understood there was retooling needs. We
9 were working with all of the parties to supply
10 parts, but we needed to get that in sync so
11 that we could supply the parts at the same time
12 to produce the rifles.

13 And it was appearing that the
14 lower receiver was the gating factor to launch
15 the rifle.

16 And then at that time, since
17 KE Arms was aware triggers were needed for this
18 rifle with the -- I forget the designation of
19 what trigger they were providing -- Russell
20 reached out and said:

21 "Hey, if we could get the actual
22 tooling, those could be sent here, maybe we
23 could retool those and bring this to market and
24 get it going and fix the Mark II tooling."

25 So that's when I reached out

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1 to -- this would have been Jud here -- asking
2 if we could pay a fee to get that tooling so
3 that these parts could actually start to be
4 produced. That was our concern at that time
5 was parts not being made.

6 **Q. Who brought Russell Phagan and KE Arms**
7 **in these discussions? They haven't been on**
8 **these emails we've been looking at.**

9 A. Ian and Karl were working with them
10 when they built the first rifles, and they have
11 specified the KE Arms trigger into that
12 project.

13 So Russell knew that this
14 project was happening via Ian and Karl, and
15 then Russell -- we were obviously in contact
16 then because we had to source the triggers. We
17 had to purchase the triggers from KE Arms.

18 So we set up KE Arms as a
19 factory around this time, or a vendor of ours;
20 and that's when Russell reached out with this
21 concept.

22 **Q. So Russell reached out to you with the**
23 **concept of:**

24 "Can you get your hands on the
25 mold."

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1 **Q. Any printed advertising you pay for?**

2 A. I believe there was the Recoil
3 advertisements. I'm not sure how many -- we
4 really got out of print the last, probably,
5 last year or two years. It doesn't just have
6 much return. So pretty much everything has
7 been electronic.

8 **Q. Okay. Do you have any personal -- not**
9 **personal knowledge, you're here on behalf of**
10 **Brownells -- do you have any knowledge**
11 **regarding the purchase of the K- -- or the**
12 **Mark II machinery and intellectual property**
13 **that occurred between GWACS and Russell Phagan?**

14 A. No. I wasn't privy to any of that
15 information.

16 **Q. Have you ever asked anybody at KE Arms**
17 **whether they have the right to produce the**
18 **Mark II?**

19 A. I don't think they -- they never made
20 the Mark II.

21 **Q. How about the Mark III?**

22 A. The one that KE Arms came to us with,
23 I never asked them if they had the right to
24 make that, given that's their own design.

25 **Q. Do you know for a fact it's their own**

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1 **design?**

2 MR. HARDY: Object to form.

3 A. Given my interpretation of the
4 appearance of the item and my expertise, yes.

5 MR. WEGER: Let's take a short
6 break. I'm pretty close to being done.

7 (A recess was taken.)

8 (Exhibit No. 178 was marked for
9 identification by the reporter.)

10 BY MR. WEGER:

11 Q. Paul, on this email in February of
12 2021, you're writing to Karl and Ian.

13 It says:

14 "Russell got me up to speed on
15 the current WWSD situation. We're on board
16 with offering the lower here."

17 What is this about? What are we
18 talking about?

19 A. Okay. So what was our situation. So
20 the rifle itself, so the lower receiver was
21 delayed; then the rifle itself was also delayed
22 due to subcomponents, maybe the hard guard, the
23 carbon fiber hand guard.

24 So in order to get -- one of the
25 benefits -- Ian and Karl, to get their royalty,

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1 C E R T I F I C A T E

2

3 I, the undersigned, a Registered Merit
4 Reporter and a Notary Public of the State of
5 Iowa, do hereby certify that I acted as the
6 shorthand reporter in the foregoing matter at
7 the time and place indicated herein; that I
8 took in shorthand the proceedings had at said
9 time and place; that said shorthand notes were
10 reduced to print under my supervision and
11 direction by means of computer-aided
12 transcription, and that the foregoing pages are
13 a full and correct transcript of the shorthand
14 notes so taken; that said deposition was
15 submitted to the witness for signature, if
16 requested to do so by a party or the witness;
17 that any changes, if any, requested by the
18 witness are attached hereto.

19 I further certify that I am neither
20 attorney nor counsel for, or related to or
21 employed by any of the parties in the foregoing
22 matter, and further that I am not a relative or
23 employee of any attorney or counsel employed by
24 the parties hereto, or financially interested
25 in the action.

IN WITNESS WHEREOF, I have hereunto set
my hand and seal this 24th day of January,
2022.



Registered Merit Reporter
Notary Public